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BRIEFING PAPER FOR C/WH'D's MEETING WITH DCI

I. RECENT DEVELOPMENTS IN CHILE

A. INTRODUCTION

On 24 October the Chilean Congress elected Salvador Allende, 151 for 35 against 7 abstentions, to a six-year term as President of Chile. This is the first time a Marxist Chief of State has been elected in the Western Hemisphere. On 3 November Allende and his cabinet, which includes three Communists, will take office.

B. PUBLIC EVENTS

During the interregnum the following events transpired:

1. Frei advised several military officers that he would not oppose a coup, perhaps even welcome it, but took no positive action to foment one. When a coup situation presented itself after the assassination of General Schneider, Frei moved quickly to restore the situation to normal.
2. Frei and Alessandri coordinated a plan whereby Alessandri not withdraw his name from contention, in the congressional confirmation of the vote. In exchange Alessandri was promised that Frei would line up the PDC party congressional delegation behind Alessandri if Alessandri then promised to withdraw upon election and permit a new electoral consultation. Alessandri stayed in the race. Frei could not deliver the PDC congressional vote and, indeed, made no great effort to do so. Alessandri felt betrayed and asked the National Party to support Allende. Thus, the last chance for a political solution to bloc Allende disappeared. This abortive agreement also left a legacy of increased distrust between the democratic forces of the National Party and the PDC who are single minded about destroying each other rather than Allende.

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3. A Christian Democratic National Convention was held. The PDC, lead by Tomic, declared for Allende in exchange for ten guarantees which resemble the Bill of Rights which are already incorporated in the Chilean constitution. These Allende concessions are not in any sense guarantees, but rather a check list for resistance to government excesses. Political resistance to Allende had crumbled.
4. The National Party executive committee decided to instruct its congressional delegation to abstain in the voting. Some 88 provincial leaders voiced their most strenuous protest forcing the executive committee to caucus and reverse itself holding firm to a vote for Alessandri.
5. Several amateur terrorist attacks were launched by diverse groups. They had no psychological or political effect of consequence and the main perpetrator, retired army Major Marshall, was arrested.
6. The Marxists launched a campaign of terror against the news media intimidating several owners of newspapers and radios. The international reaction to this naked exercise of power, even before Allende was inaugurated, caused the communists to back off and to pursue a more conciliatory attitude. Nonetheless, attacks against the CIA for bringing thousands of agents into Chile and fomenting a military coup and economic chaos continued. It reached a crescendo the day before Schneider was assassinated. The Marxists threatened civil war if Allende was deprived of his victory. This, together with blandishments made to various interest groups in Chile, was sufficient to choke off effective opposition.
7. Santiago seethed with conflicting rumors of coup attempts. On 22 October Commander of the Army, General Rene Schneider, a firm exponent of constitutionalism who fully intended to see Allende confirmed, was shot by several armed men in four cars as he drove to work in what appeared to be a bungled abduction attempt. President Frei declared a state of seige, addressed the nation on network TV condemning the

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perpetrators of this crime. The military issued a bulletin echoing the president's sentiments. The bulletin was signed by at least two military members who were involved in the coup plotting.

8. Non-political strikes were called by the copper workers, a short strike was held by the telephone workers, the foreign exchange situation worsened somewhat, sales were down, some technicians left the country, the stock market was down, uncertainty loomed in the economy. The government, urged on by the Allende appointed economic watchdog, Vuskovich, made some moves to alleviate the down turning economy. The economy did in fact deteriorate but not with sufficient magnitude to cause a political or psychological reaction.

#### C. AGENCY ACTIVITIES

During the past month our efforts have focused on opening avenues of access and influence to key military officers and on exerting economic, political and psychological pressure to create a coup climate in Chile. The Chilean military tradition of non-intervention, President Eduardo Frei's indecisiveness, General Rene Schneider's firm constitutional stand, and the inability of the middle class Chilean to comprehend and react to the new situation, all worked against the launching of a coup.

[redacted] and Santiago Station contacted [redacted] military leaders. As a result of their efforts, General Camilo Valenzuela (Chief of the Santiago Garrison), [redacted]

[redacted] and Retired General Roberto Viaux were contacted and advised of the USG desire to deny Allende the Presidency and willingness to support a coup attempt.

To assist in this effort, the Acting Director of DIA instructed [redacted] to work closely with the COS. [redacted]

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Two coup attempts were planned by the Chileans themselves. One revolved around retired General Viaux who had launched the rebellion of the Tacna regiment in October of 1969, and the other by active military leaders.

[REDACTED]

D. STATION'S MILITARY CONTACTS

1. [REDACTED]

A false flag [REDACTED] officer, [REDACTED] contacted [REDACTED] who claimed to have 4000 unarmed men in the Santiago area. [REDACTED] requested arms and ammunition, but since he appeared to be a fanatic with little support, the Station decided to discontinue contact with him.

[REDACTED]

2. General (R) Roberto Viaux

During the past month [REDACTED] false flag officers [REDACTED] contacted Viaux who requested that we air drop arms and provide financial support in preparation for his coup. When it became clear, however, that Viaux did not have sufficient support to launch a successful coup, Station broke off contact and the false flag officers departed Chile.

3. General Camilo Valenzuela

[REDACTED] contacted General Valenzuela and advised him of the USG's willingness to assist in a military effort to deny Allende the presidency. On 18 October General Valenzuela contacted [REDACTED] and told him that he, [REDACTED]

[REDACTED] were now prepared to move against the government. [REDACTED]

[REDACTED] They also requested three sub-machine guns, ammunition, six tear gas grenades, and six gas masks. This equipment was subsequently passed

to Valenzuela's group, through [REDACTED] but the [REDACTED] was not required since the abduction attempt appears to have been carried off by a group other than Valenzuela's. The submachine guns and other equipment were not used in Schneider's assassination, and are still in the possession [REDACTED] both are subordinate [REDACTED] We are in the process of recovering this equipment.

#### E. ASSASSINATION OF GENERAL SCHNEIDER

Army CINC General Rene Schneider was assassinated on his way to work on the morning of 22 October. The Department of Investigations arrested a number of suspects, including General Viaux. Following the assassination, President Frei declared a State of Emergency and General Valenzuela assumed command of the Santiago zone. Based on this event the military was in a position to launch a coup since it had total control of the state and the coup plotters held key positions in the military establishment. However, the plotters were inhibited by the strong public reaction against the killing of General Schneider and the lack of a coup climate. Consequently, no effort was made to follow through with a coup.

#### F. CREATION OF A COUP CLIMATE

In an attempt to create a psychological climate for a coup and to foster resistance to Allende we focused on two main arenas: a) public opinion within Chile; and, b) public opinion outside Chile. This latter course would have beneficial effects in its own right to dampen world reaction to a successful coup as well as having a replay advantage into Chile.

Within Chile an underground press (direct mailings) was reconstituted; normal assets were used to place articles; a covert action mechanism [REDACTED]

[REDACTED] direct mailings or foreign clips were sent to Mrs. Frei, selected military leaders, and the Chilean domestic press; intelligence was surfaced indicating that once in power the communists intended to denigrate Frei; church contacts [REDACTED] persuaded [REDACTED] to hold off from premature recognition of Allende's victory; high-level foreign dignities sent

personal messages to Frei asking him to do what must be done; [REDACTED]

*Intentionally*  
Intentionally, [REDACTED]

generated articles, editorials, and special news features as well as radio and TV broadcasts in Latin America and Europe in what developed into a singularly successful campaign. The most significant feature was the Time cover story of 12 October on Chile. Allende reacted to this feature and other international press pressure by changing his formerly arrogant posture and becoming conciliatory toward the USG as well as toward his internal opposition.

Unfortunately, the Agency's extensive international propaganda effort, which attracted world wide attention to the situation in Chile, had only marginal impact inside Chile. Many of the major media outlets in Santiago were so intimidated by the threat of an Allende government that they were reluctant to exploit our propaganda vigorously in attacking Allende and the UP program. The Chilean people, phlegmatic and resigned to an Allende presidency, refused to become aroused. Thus, a psychological climate for a coup never existed in Chile.

The prospects for finding a political solution to denying Allende the presidency were dim at the outset. The PDC junta's overwhelming support for Allende, and Alessandri's request that his party not vote for him in the Congressional run-off eliminated the last hope of finding a political solution to stopping Allende.

#### G. SECURITY

As a result of the assassination of General Schneider, the Department of Investigations has arrested a number of suspects, including General Viaux, whose followers, as far as we can determine, were responsible for the bungled abduction attempt which resulted in Schneider's death. [REDACTED]

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[REDACTED] To  
date, the investigation has not publicly surfaced any  
compromising information which implicates the USG or  
senior Chilean military officers. [REDACTED]  
[REDACTED]

A number of steps had been taken to date to insulate  
against possible compromise. The false flag officers  
were used to contact high-risk military officers. COS  
[REDACTED] were discreet in their dealings with  
military leaders. The arms and equipment passed to  
Valenzuela's group apparently were not used in the  
abduction attempt and are still in the hands of the plotters.  
We have taken steps to recover the equipment. Neverthe-  
less, one possible compromising fact exists: a false flag  
officer gave General Viaux a message [REDACTED]  
[REDACTED] which stated that  
his sponsors understood Viaux's needs, but could not  
comply with his request for an airdrop. It is not known  
if Viaux still has this message or intends to use it to  
attempt to incriminate the USG. However, Viaux's  
lawyer recently told reporters that Viaux had given him  
some important documents which includes names of  
foreign individuals and that he has sent these documents  
out of Chile. [REDACTED] false flaggers in touch with  
Viaux [REDACTED] probably identified by Viaux's contact man.  
[REDACTED]

## II. ALLENDE'S PLANS AND ACTIONS

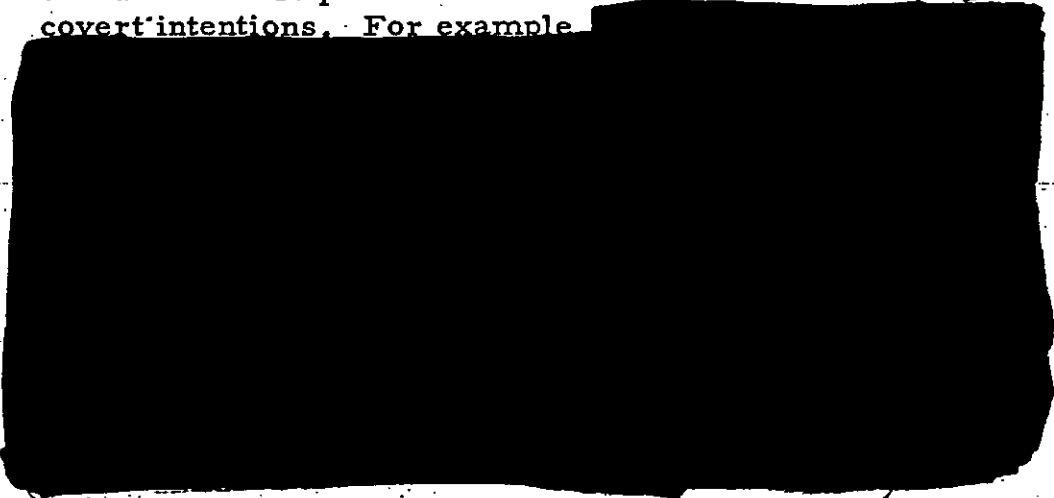
In his first press conference after his election Allende spoke  
confidently and arrogantly of his firm intention to implement  
quickly his forty point program which included wage increases  
of 100% of inflation, immediate diplomatic recognition of some  
bloc countries, massive nationalization of foreign controlled  
industries, a battle without quarter against "imperialism", etc.

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However, as he began to perceive the need to consolidate his government, an apparent Soviet reluctance to provide large scale economic assistance, a hostile foreign press, internecine quarrels within his own coalition and, most importantly, the spectre of a rapidly deteriorating economy, Allende began to change the tone if not the substance of his declarations. He no longer speaks of nationalization with the harshness or immediacy as he did at an earlier time. He now notes that each nationalization will be accompanied by adequate compensation and will be preceded by a detailed study of each enterprise. All actions taken will be within the law. In the foreign field, he indicates that he intends to remain in the OAS but that his decision to recognize Cuba will not be influenced by OAS policy. In regard to recognition of East Germany, North Korea, North Vietnam, Red China, and Cuba, what had been a posture of immediate and unequivocal recognition is now a decision that will be based on a study of when it will be convenient for Chile to consider such recognition.

Significantly, on 15 October the Secretary General of the Communist Party briefed party leaders that the USSR wants Chile to continue its relations with the Western Powers and not to become dependent on communist countries for commercial interchange. On 19 October the Press Attache for the Soviet Embassy in Santiago remarked that the USSR believes that Allende should delay establishment of diplomatic relations with Cuba until it can do so in consort with two other Latin American countries.

The above overt posture of Allende is contradicted by his covert intentions. For example




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In sum, indications are that Allende firmly intends to convert Chile into a communist stronghold and to export revolution. However, he has been required to change and lengthen the time frame in which this can occur based on his more realistic assessment of problems he faces.

### III. ALLENDE CABINET

The two clear characteristics of the Allende cabinet are: a) a definite if somewhat shaded pro-Cuban orientation; b) firm control of major ministries by the Communists and Socialists with only minor ministries ceded to the other partners in the coalition. The Communists control the economic ministries (Labor, Finance, Public Works) with a crypto communist in the Economy slot. The Socialists dominate the policy and security ministries (Interior, Foreign Policy, Secretary General of Government) as well as Minister of Housing. Surprisingly, the Communist delegation in the government is not of a high caliber. This leads to the speculation that the Communists, who have their best people in congress did not wish to have by-elections by placing their most effective members in congress or that they did not wish to assume full responsibility for the Allende government and have placed people in the cabinet who could be "burned" if the government fails.



Considerable squabbling between the Socialists and Communists preceded the selection of the cabinet which presages a continuation of this mute warfare between them, probably centered on the government's attitude toward the extremist MIR, usually supported by the Socialists. The Socialist Party is split down the middle on the issue of the MIR while the communists, wishing no enemies to the left, will probably try to use governmental authority to destroy the MIR.

(Attachment D - List of Cabinet Members.)

#### IV. HOSTILE ACTIONS AGAINST THE CIA STATION IN CHILE

Immediately following Allende's 4 September electoral victory the UP started its investigation of Station activity in Chile. Their first known effort was an attempt to gain the cooperation of the Investigaciones in furnishing information on the CIA. On 23 October a [REDACTED] source reported that the UP is going to send "specialists" to conduct a block by block survey of residents in the residencial area where many Station and other USG personnel live. The UP has noted for example that some diplomats are using local plates instead of diplomatic plates. [REDACTED]

[REDACTED]

[REDACTED]

V. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

VI.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

Although it is probable that the Allende government will develop, in its early months, a moderate overt policy on public issues such as attitude toward the United States Government, investment, repayment of debt, recognition of other communist countries, etc., its public policy toward CIA operations will be tough and its private actions against CIA activities utterly implacable.

[REDACTED]

[REDACTED] A hostile government will control the security forces, all of the Universities, the labor unions, all three TV networks, a substantial portion of publications (with the others being cowed), and has a working majority in congress with the assistance of the Christian Democratic Party. The vigorous use of exchange controls, tax laws, labor inspectors, and police powers to arrest and question suspects will quickly uncover any covert funding mechanism as the government asks the key question of any opposition group that demonstrates, success, courage and solvency "where is the money coming from?".

[REDACTED]

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[REDACTED]

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ATTACHMENT A: [REDACTED]

ATTACHMENT B: [REDACTED]

ATTACHMENT C: [REDACTED]

ATTACHMENT D: Allende cabinet list.

ATTACHMENT E: [REDACTED]

ATTACHMENT F: [REDACTED]

ATTACHMENT G: [REDACTED]

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